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The $15 Trillion Emergency Spending Loophole

Federal Emergency Spending: 1991–2025

By Dominik Lett

EXECUTIVE SUMMARY

Congress has designated $12.5 trillion in spending for emergencies over the past 35 years, resulting in $2.5 trillion in additional interest costs. Poorly designed emergency spending rules allow Congress to evade spending limits and routinely designate non-emergency line items as emergencies, increasing wasteful and excessive spending. High deficits, an escalating federal debt, and the insolvency of major entitlement programs mean that Congress is facing several budgetary challenges that will only grow in importance. Congress cannot afford further abuse of emergency spending. It is time for Congress to rein in the emergency spending loophole.

This paper presents comprehensive estimates of emergency spending and resulting interest costs, with data going back to 1991. According to my estimates, Congress designated 9 percent of federal budget authority as emergency spending during that time. Emergency spending is roughly equal to the amount that Congress has spent on Medicaid and veterans' programs combined.

Roughly half of the emergency spending since 1991 has been discretionary spending (federal programs that receive funding through annual appropriations), mostly in response to the Great Recession and COVID-19 pandemic, and for disaster relief and military operations. Mandatory spending, also called direct spending, accounts for the other half. Five Great Recession and pandemic-related laws alone account for 87 percent of mandatory emergency spending. The budgetary share of emergency spending has grown to 11 percent of total budget authority over the past decade.

In this analysis, I provide several specific reforms that would reduce emergency spending, decrease abuse, and enhance oversight.

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INTRODUCTION

Over the past three and a half decades, Congress has increasingly used emergency spending designations as a workaround to sidestep budget rules, avoid trade-offs, and pass massive spending bills with minimal congressional and public scrutiny. Emergency designations have expanded from their original purpose—narrow exemptions for unforeseen and urgent events—to become a routine means of unaccountably expanding the federal budget.

From the wars in Iraq and Afghanistan to disaster relief and the COVID-19 pandemic, emergency designations have enabled more than $12.5 trillion in spending since 1991—comparable to the entire amount spent on Medicaid and veterans' programs combined. This surge in off-the-books spending has added an estimated $2.5 trillion in new interest costs, accelerating the growth of the national debt and weakening the US fiscal position. Congress has spent $15 trillion altogether through emergency spending designations since 1991.

Unlike most other major spending categories, there is no periodic government report or dataset comprehensively tracking emergency spending and its resulting fiscal costs. This policy analysis tries to fill that gap and exposes the extent to which emergency spending has eroded fiscal discipline across both discretionary and mandatory programs, enabled executive overreach, and undermined national security by fueling an unsustainable public debt. It provides original estimates of emergency-designated spending since 1991 and identifies critical reforms—such as requiring offsets, enforcing statutory emergency criteria, raising the voting threshold for emergency designations, sunsetting executive emergency powers, and increasing transparency over the government's reliance on emergency spending.

RECENT DISCRETIONARY EMERGENCY SPENDING ABUSE

Discretionary spending caps are a cornerstone of fiscal responsibility, but they do not currently apply to emergency spending in the United States. Originally, emergency spending was exempted from these spending caps to provide a safety valve for responding to urgent and unexpected crises. Over the past few decades, Congress has increasingly abused this emergency exemption to evade spending limits and fund non-emergency routine government operations.

A recent example is Congress's sidestepping of statutory spending caps enacted through the Fiscal Responsibility Act of 2023.[1] According to the Congressional Budget Office (CBO), the bill was projected to reduce the deficit by $182 billion from fiscal year (FY) 2023 to FY 2025, primarily by establishing top-line spending limits on discretionary appropriations.[2] Like most statutory spending caps, the bill excluded from its spending limits any spending designated as an emergency.

Between FY 2023 and FY 2025, Congress passed two supplemental bills containing a combined $206 billion in disaster relief and emergency foreign aid for Ukraine, Israel, and the Indo-Pacific region.[3] This was in addition to more than $138 billion in emergency spending that Congress included in annual appropriations legislation, primarily for routine government operations. All told, this emergency spending erased, and overtook, any potential savings brought about by the Fiscal Responsibility Act.

Appropriators are incentivized to use emergency appropriations to bypass budget controls because there are no real constraints on what can be classified as an emergency. Congress would benefit from greater transparency, enhanced reporting, and stricter accountability rules to deter misuse of emergency designations. The recommendation with likely the most impact would require Congress to track and offset emergency spending. Establishing a mechanism like the House cut-as-you-go (CUTGO) rule for emergency spending would allow Congress to retain the emergency cap exemption, transparently track emergency spending, and pay for it responsibly by reducing future spending by the amount of current emergency spending over the following five years.[4] Designed correctly and followed in earnest, emergency spending offsets could restore fiscal credibility and incentivize more responsible budgeting.

REVEALING THE TRUE SIZE AND SCOPE OF EMERGENCY SPENDING

The size and scope of emergency spending is obscured by the lack of a central data depository or government report that tallies up this spending over time. This paper builds on prior work by collecting and producing estimates of emergency spending since 1991.[5] In nominal terms, I estimate that Congress has designated $9.6 trillion for emergency spending since 1991. Adjusted for inflation, Congress has designated $12.5 trillion in emergency spending, resulting in $2.5 trillion in additional interest costs. That's a staggering amount to exempt from legislative budget controls—similar in size to what Congress spent on Medicaid and veterans' programs combined. It also exceeds all federal income security spending, which includes unemployment compensation, Supplemental Security Income, the refundable portion of the earned income and child tax credits, the Supplemental Nutrition Assistance Program, family support, child nutrition, and foster care over the last three decades.

Congress designated 8 percent, or 80 cents of every 10 dollars, of federal budget authority—money Congress authorizes agencies to spend—as emergency spending over the last 35 years. Just in the past decade, the budgetary share of emergency spending has grown to 11 percent of total budget authority, or $1.10 of every 10 dollars.

ANYTHING GOES

Congress has complete discretion in designating spending for emergencies because what qualifies as an emergency is up for interpretation. In 1991, the Office of Management and Budget (OMB) laid out five criteria that emergency provisions should meet: necessary, sudden, urgent, unforeseen, and not permanent.[6] Two decades later, this definition was codified into law following the passage of the Budget Control Act of 2011.[7] However, the current process lacks a mechanism to evaluate whether an emergency provision meets the OMB's test, which means that *anything* can count as emergency spending.

Another form of emergency spending involves special discretionary spending categories called cap adjustments. Cap adjustments have been used to fund disaster relief spending and military Overseas Contingency Operations (OCOs) without having to adhere to standard budget controls.[8] They exempt certain types of spending from spending caps, allowing legislators to evade spending limits. This creates a clear potential for abuse.

Military Emergency Spending

During the 20th century, Congress used war-related emergency supplemental spending legislation to fund military operations at the outset of a conflict, such as the Korean and Vietnam wars.[9] Once a conflict was ongoing, Congress usually chose to increase the "base budget" to cover war-related needs rather than habitually rely on supplemental funding requests to finance a multiyear conflict. Supplemental appropriations are intended to provide legislators with the flexibility to respond to urgent funding demands that weren't addressed through the normal appropriations process. They are not intended to create a convenient vehicle for additional spending outside of legislated budget limits.

Congress treated post-9/11 conflicts differently. In response to conflicts in Afghanistan, Iraq, and elsewhere, Congress provided elevated and sustained "non-base" supplemental appropriations, even when funding needs could reasonably be met within the base budget. Congress went so far as to create special funding categories that were exempted from spending caps, known as Overseas Contingency Operations and Global War on Terrorism (GWOT) funding. These funds quickly morphed from a temporary way to respond to a conflict into a defense budget top-up that evades spending caps. Between FY 2001 and FY 2023, non-base funding—OCO, GWOT, and other supplemental funding—averaged 18 percent of the total budget authority for the Department of Defense.[10] In other words, Congress did not responsibly budget nearly one-fifth of all defense spending.

Special cap exemptions for some military spending resulted in less oversight and less responsible spending. As the Government Accountability Office (GAO) reported in 2017, the flawed criteria underlying OCO funding "hindered [decisionmakers] in their ability to set priorities and make funding trade-offs."[11]

Setting clear priorities and making tough trade-offs is critical to correcting mismatches between budget and strategy.[12] Conversely, relying on supplementals to implement longer-term foreign policy objectives results in worse strategy and overspending.[13]

Disaster Relief Spending

The 1988 Robert T. Stafford Disaster Relief and Emergency Assistance Act grants the president powers to issue disaster declarations for a variety of events, unlocking special disaster relief funding. Presidents have steadily issued more disaster declarations over time. As Justin Bogie, then with the Heritage Foundation, explains, President Ronald Reagan declared only 16 disasters over his eight-year administration.[14] Meanwhile, President Trump declared 124 disasters in 2018 alone—and that was pre-pandemic.[15] Moreover, since the federal government covers most disaster costs, states will free-ride on the federal government by requesting federal help whenever they can, resulting in excess disaster spending.

Congress has used a variety of budgetary tricks to bypass normal spending rules and irresponsibly fund disaster spending. The primary source of funding for general federal disaster relief, the Disaster Relief Fund (DRF), illustrates this problem well. Congress is supposed to fund the DRF through normal appropriations. Yet with the passage of the Budget Control Act of 2011, Congress normalized exempting spending for disasters by creating a special cap adjustment for disaster relief and related priorities. As if that weren't bad enough, Congress frequently underfunds the DRF in normal appropriations and relies on supplemental emergency bills to make up the difference. According to the Congressional Research Service, about 70 percent of all money provided for the DRF between 1964 and 2020 was through supplemental appropriations.[16]

Overreliance on supplemental emergency spending to bridge the disaster relief gap results in less accountability and worse policy.[17] Emergency spending bills are often rushed and filled with unrelated parochial priorities. For instance, the 2013 supplemental bill responding to Hurricane Sandy included a host of pork barrel spending, such as money for salmon fisheries in Alaska and a train service expansion in New York.[18] Congress should fund disaster relief responsibly and stop using recurring disasters as a justification for new spending that circumvents fiscal limits.

CRUNCHING THE NUMBERS

This policy analysis is an update and expansion of a previous Cato policy analysis coauthored with Romina Boccia in 2024.[19] It differs from the 2024 policy analysis in that it expands the range of years under consideration and generates an estimate of the interest costs associated with emergency deficit spending.

I cataloged or produced cost estimates for the last 35 years of congressional emergency spending designations by combining emergency spending in regular discretionary appropriations, supplemental appropriations, and mandatory spending increases that are exempt from pay-as-you-go (PAYGO) rules.[20] The dataset begins in 1991 because the Budget Enforcement Act of 1990 established emergency designations as we know them today: special exemptions to statutory spending caps and PAYGO rules with clear procedural and budget scoring implications.

Regular emergency discretionary appropriations include all emergency designations featured in the spending bills that Congress is supposed to pass each year. Supplemental emergency appropriations include funding provided in addition to annual budgets and are typically (but not always) discretionary spending. It should be noted that not all supplemental spending is designated as emergency spending. Additionally, Congress will sometimes attach supplemental appropriations bills to regular appropriations bills. While this can be politically convenient, it runs counter to the fundamental point of supplemental appropriations, which are supposed to provide funding *outside* the regular appropriations process.

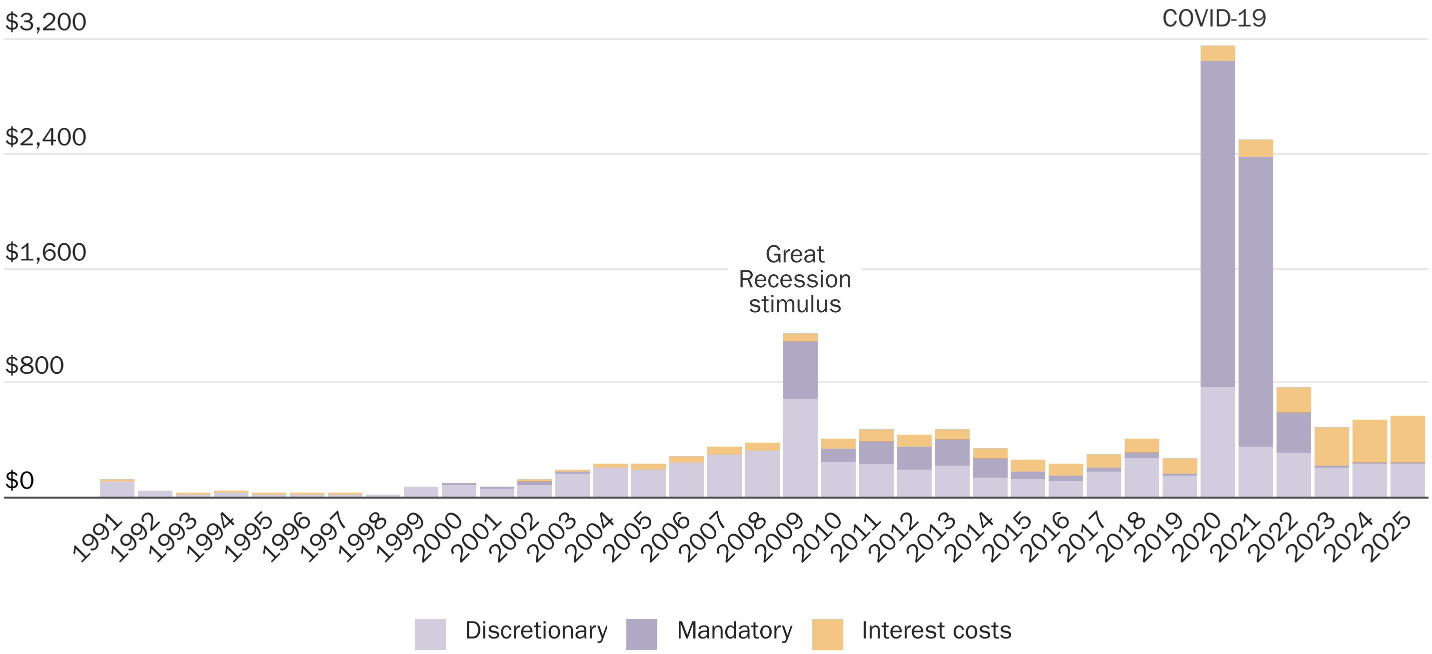
PAYGO is a budget rule that requires offsetting deficit reduction any time that tax cuts or mandatory spending increases add to deficits.[21] It does not apply to discretionary spending, which is determined by the annual appropriations process. In theory, the rule is supposed to require Congress to offset any new mandatory spending. Yet in practice, Congress frequently ignores these requirements and specifies that the PAYGO rule does not apply to certain supplemental spending. Congress can simply bypass PAYGO requirements by designating new mandatory spending as an emergency.

I limited this analysis to laws that were clearly and initially emergency-related and for which spending was exempted from standard budget rules. That excludes some laws and programs that could be construed as emergency manipulation of budget rules, such as the Act to Reduce Preexisting PAYGO Balances.[22] Additionally, I prioritized 10-year cost estimates of budget authority (authorized

Figure 1

Congressional emergency spending added at least $15 trillion to deficits since 1991

Emergency spending, billions of inflation-adjusted US dollars (2025)



Sources: "Status of Discretionary Appropriations," Congressional Budget Office, 2025; "Supplemental Appropriations," Congressional Budget Office, 2025–1990; "Budget of the United States Government," Office of Management and Budget, 2013–2005; and author's calculations.

Notes: Emergency spending includes both emergency designations and certain discretionary spending "cap adjustments" that are exempt from budget rules and related to emergencies, including Disaster, Wildfire Suppression, Overseas Contingency Operations, and Global War on Terrorism allotments; nominal figures are inflation-adjusted using the Consumer Price Index for All Urban Consumers.

spending) for individual laws due to a lack of publicly available information regarding emergency-related outlays (actual spending).[23] Taken together, the actual cost of emergency spending could be significantly higher than my estimate. I make the summary dataset publicly available.[24]

To date, emergency spending has been financed almost entirely through deficit spending, incurring interest costs that increased the debt burden. To generate an estimate of the interest costs traceable to prior emergency designations, I utilized two assumptions for the sake of analysis. First, all emergency budget authority resulted in new borrowing that contributed to the deficit, excluding years in which the federal government ran a budget surplus (1998, 1999, 2000, and 2001). Second, interest costs are paid under a weighted average annual interest rate for all marketable Treasury securities in the relevant year.[25] Unless otherwise specified, emergency spending data are reported in real terms. Nominal data are adjusted for inflation using the Consumer Price Index for All Urban Consumers.

EMERGENCY SPENDING TRENDS (1991–2025)

Between 1991 and 2025, Congress provided $12.5 trillion in emergency budget authority, resulting in an estimated $2.5 trillion in new interest outlays (adjusted for inflation). In nominal terms, Congress authorized $9.6 trillion in emergency budget authority, generating $2 trillion in interest costs. Combined, that is equal to 40 percent of the current $29.3 trillion public federal debt—debt the US has borrowed from credit markets.[26] Because discretionary and mandatory spending are treated differently in the budget process, it is worth looking at each category in more detail. Figure 1 shows congressionally authorized emergency-related budget authority since 1991 and resulting interest outlays.

Discretionary Emergency Spending

Roughly half of the emergency spending since 1991, $6.5 trillion, has been discretionary spending—federal programs that receive funding through annual appropriations. About a third of that spending,

$2.4 trillion, was provided in 2008, 2009, 2020, 2021, and 2022, mostly in response to the Great Recession and the COVID-19 pandemic. The remaining $4.1 trillion was directed primarily toward disaster relief and military operations, alongside miscellaneous (often unrelated) spending attached to such bills.

A full $2 trillion, or one-third, of all discretionary emergency spending was spent through the Overseas Contingency Operations and Global War on Terrorism budget categories. These categories were exempt from spending limits and functioned as nearly bottomless cash pits to support US military operations in the Middle East. In 2021, the Biden administration chose to discontinue the OCO account, a significant step in the right direction.[27] To date, the Trump administration has not changed this, but the temptation remains to beef up defense spending with supplemental emergency spending. Doing so would risk making the same mistakes again—evading spending limits and avoiding the trade-offs involved in good budgeting to support ongoing military operations that can no longer be called emergency aid.[28]

The remaining emergency discretionary budget authority was spread across various areas, including special Disaster and Wildfire Suppression categories. Misuse of emergency designations has resulted in some projects and agencies, such as the Federal Emergency Management Agency's Disaster Relief Fund, regularly relying on emergency spending for recurring, predictable operations.[29] Moreover, the current system disproportionately places the burden for funding disaster-related costs on the federal government, incentivizing states to underinvest in disaster risk reduction.[30] Continued use of emergency designations to fund regular operations is a big part of the problem.

Mandatory Emergency Spending

The other half of the last three decades of emergency budget authority—$6 trillion—was mandatory spending (also called direct spending, this category consists of federal programs funded outside of annual appropriations). Just five laws, passed in response to the Great Recession and the COVID-19 pandemic, account for 87 percent of mandatory emergency spending. Three pandemic laws provided a combined $4.4 trillion:

- the American Rescue Plan Act;
- the Paycheck Protection Program and Health Care Enhancement Act; and
- the Coronavirus Aid, Relief, and Economic Security Act.

Two laws passed after the Great Recession provided a combined $824 billion in mandatory budget authority:

- the American Recovery and Reinvestment Act; and
- the American Taxpayer Relief Act.

Historically, Congress has relied primarily on discretionary spending to respond to emergencies. For example, most of the emergency aid in response to the Great Recession was provided through discretionary channels. However, that trend may be changing. During the COVID-19 pandemic (2020–2022), three-quarters of all emergency budget authority was provided through mandatory spending. To be truly effective, emergency spending reforms should be comprehensive, applying to both discretionary and mandatory emergency spending.

MORE SPENDING, LESS OVERSIGHT

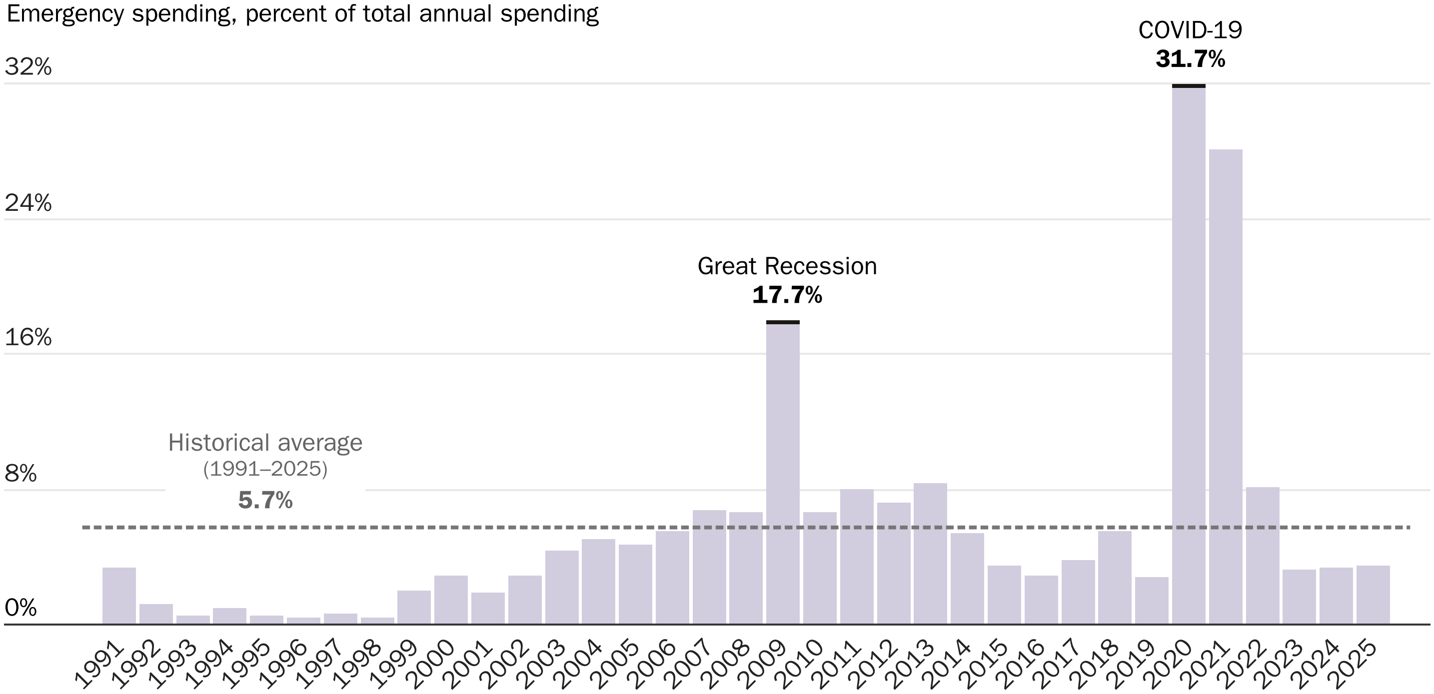
Emergency spending fluctuates significantly depending on current events but has been on an upward trend in recent decades. In FY 1991, emergency-related spending was just 3 percent of all annual budget authority (Figure 2). In FY 2004, during the Iraq War, emergency spending grew to 5 percent of annual budget authority, then to 17 percent in FY 2009 during the Great Recession. At the height of the pandemic response in FY 2020, emergency-related spending peaked at $3 trillion, accounting for one-third of all annual budget authority. Figure 2 displays emergency budget authority as a share of total annual budget authority between FY 1991 and FY 2025.

No matter how you slice the data, Congress increasingly *overspends*, using emergency designations because budget rules do not bind emergency-designated appropriations. Even during periods of relative calm, Congress retains elevated levels of emergency spending. Prior crisis responses serve to justify new expenditures, regardless of how flawed the results of previous spending might have been.[31]

Figure 2

Peak pandemic emergency spending is almost double Great Recession emergency spending

Emergency spending, percent of total annual spending



Sources: "Status of Discretionary Appropriations," Congressional Budget Office, 2025–2014; "Supplemental Appropriations," Congressional Budget Office, 2025–1990; "Budget of the United States Government," Office of Management and Budget, 2013–2005; and author's calculations.
Note: Emergency spending includes both emergency designations and certain discretionary spending "cap adjustments" that are exempt from budget rules and related to emergencies, including Disaster, Wildfire Suppression, Overseas Contingency Operations, and Global War on Terrorism allotments.

Congress also spends *wastefully* because funding is rushed out the door. In 2008, the GAO found that supplemental appropriations, often designated as emergency spending, were subject to less oversight than regular spending.[32] Priorities unrelated to the initial emergency often received funding, widening deficits. The pandemic blew that door wide open: The Associated Press found that $403 billion of COVID-19 relief funding was stolen, wasted, or misspent.[33] That's 1 in every 10 dollars of COVID relief aid disbursed so far. A more recent GAO report found that fraud for Unemployment Insurance (UI) programs totaled between $100 and $135 billion—or 11 to 15 percent of all UI benefits provided during the pandemic.[34] Multiple pandemic relief efforts were duplicative and rushed out the door, so they received less oversight, were less effective, and wasted taxpayer money. Other scholars have pointed out similar failures by federal government agencies administering those programs across a variety of emergency spending initiatives.[35] See the Appendix for an illustrative list of wasteful emergency spending.

A DETERIORATING FISCAL OUTLOOK

Growing reliance on emergency spending is happening against a worsening fiscal outlook. Federal debt and deficits are rising. In FY 2024, the deficit reached $1.8 trillion, nearly double FY 2019's deficit. Growing deficits result in excessive debt and rising interest costs, which combine to create a debt spiral. As Figure 3 shows, federal debt is projected to reach unprecedentedly high levels within the decade. By 2054, debt is projected to reach 176 percent of gross domestic product (GDP), and that is under optimistic economic and policy assumptions.[36] If one factors in the possibility of additional economic crises or further fiscal irresponsibility, 30-year debt projections easily climb past 220 percent of GDP.

Major emergencies have a big impact on the budget. The two largest increases in federal debt over the last three decades were directly related to the extraordinary emergency fiscal responses to the Great Recession and COVID-19 pandemic. Following the most lavish emergency spending binge in US history during the pandemic, which helped drive inflation and interest rates to historic highs,

Figure 3

US debt expected to exceed the record high of 106 percent of GDP in 2027

Federal debt held by the public, percent of GDP

Sources: "The Long-Term Budget Outlook: 2025 to 2055," Congressional Budget Office, March 2025; "The Budget and Economic Outlook: 2025 to 2035," Congressional Budget Office, January 2025; and "Estimated Budgetary Effects of Public Law 119-21, to Provide for Reconciliation Pursuant to Title II of H. Con. Res. 14, Relative to CBO's January 2025 Baseline," Congressional Budget Office, July 21, 2025.

Notes: GDP = gross domestic product; data between 1900 and 2034 use the latest Congressional Budget Office data; projections use the latest data.

Congress should reform emergency spending and avoid future emergency spending excesses.

FISCAL SECURITY IS NATIONAL SECURITY

The recent economic literature suggests that high public debt—defined as a debt-to-GDP ratio above 78 percent—is already at economically damaging levels.[37] As the CBO warns, high debt will "slow economic growth, push up interest payments to foreign holders of US debt, and pose significant risks to the fiscal and economic outlook."[38]

Since many emergency spending bills are justified on the pretense of national security, legislators should also consider that fiscal security is a key part of national security. As prominent national security leaders across eight Republican and Democratic administrations have argued,

> Long-term debt is the single greatest threat to our national security. . . . This debt burden would slow economic growth, reduce income levels, and harm our national security posture. It would inevitably constrain funding for a strong military and effective diplomacy, and draw resources away from the investments that are essential for our economic strength and leading role among nations.[39]

Ironically, fiscally irresponsible emergency spending in the name of national security could end up making the country less safe. A fiscal crisis would erode the foundation of America's military and economic strength. Moreover, high debt itself could worsen the severity of future crises.

Federal spending sprees in response to emergencies such as World War II, the Great Recession, and the COVID-19 pandemic were possible only because bond markets were willing to take on greater federal debt. If bond markets were unwilling to finance future spending sprees, high debt could constrain the US government's capacity to prepare for and respond to real future emergencies.[40] The largest debt and spending increases in the past few decades have been a direct result of temporary emergency spending efforts. Unlike after World War II, recent emergency spending spikes have resulted in sustained and elevated debt.

Good budgetary discipline, such as offsetting emergency spending, is a necessary condition for the government to fulfill its core responsibility of national defense.[41] If Congress continues its bad fiscal practices, the country might not be capable of effectively responding to the next real major emergency when called upon.

A MORE RESPONSIBLE WAY FORWARD

Deeply entrenched and bipartisan political incentives fuel congressional abuse of emergency designations. Labeling spending as an emergency allows lawmakers to avoid tough budgetary trade-offs, claim credit for aid, and bypass regular scrutiny. It also enables parochial spending to hitch a ride with crisis packages under the banner of urgency. The recommendations in this policy analysis directly address those political pressures: Requiring offsets discourages reckless additions, heightened voting thresholds impose a political barrier to abuse, and transparency reforms raise the reputational cost of exploiting loopholes. By aligning short-term incentives with long-term fiscal responsibility, these reforms make emergency spending abuse less politically attractive. See the Appendix for a summary of key emergency reform bills.

Offset Emergency Spending

Congress needs a budget enforcement mechanism for emergency spending. Clearly establishing what qualifies as an emergency and requiring a higher voting threshold for emergency designations would primarily target questionable "emergency" spending. Without a process to offset emergency spending, Congress will continue to use emergencies as a pretext to pass budget-breaking spending initiatives with no plan to rein in future spending.

A CUTGO-style emergency spending mechanism would account for and offset new emergency spending with future spending reductions.[42] For example, if Congress authorized $100 billion in new emergency spending for FY 2026, it would automatically reduce spending across the board by $20 billion each year in the subsequent five years (FY 2027–FY 2031).

In essence, Congress would pay for today's emergency spending with spending cuts tomorrow. Such a mechanism would reduce the temptation to abuse emergency designations and commit Congress to forward-looking budgetary planning.

If the emergency offset mechanism is designed to be implemented consistently across both chambers, it would have the added benefit of standardizing the disparate approaches to emergency appropriations that currently exist in the House and Senate. A uniform approach to tracking and offsetting emergency spending would improve oversight by making the convoluted emergency spending process simpler and more transparent.

The general offset approach outlined above takes inspiration from successful fiscal measures overseas. In Switzerland and Germany, so-called debt brakes—binding fiscal rules that limit borrowing—include mechanisms to exempt certain emergency spending, provided it is repaid over subsequent years. The COVID-19 pandemic response put these provisions to the test. In the German case, it prompted a ruling from the federal Constitutional Court reaffirming a narrow application of the debt brake and restricting the use of emergency spending.[43]

Since 2019, both Germany and Switzerland have reduced their governmental debt-to-GDP ratios. Meanwhile, nations with weaker fiscal rules, including the United States, have substantially increased their debt-to-GDP ratios.[44] Strong, well-designed fiscal rules anchor public expectations about politicians' responsibility to budget in a forward-looking manner. Accordingly, emergency spending exemptions *can* provide needed flexibility during a crisis without sacrificing economic and fiscal stability, so long as they are designed correctly.

The Emergency Spending Accountability Act, introduced by Rep. Marlin Stutzman (R-IN) in the 119th Congress, draws on the Swiss-German offset experience. The bill establishes a budgetary mechanism for tracking and offsetting new emergency spending, requiring it to be offset by automatic across-the-board spending reductions, either immediately or subsequently over a five-year period.[45] Similarly, the Responsible Budget Targets Act, introduced by Rep. Tom Emmer (R-MN) and former Sen. Mike Braun (R-IN) in the 117th and 118th Congresses, respectively, adopts a mechanism similar to the Swiss debt brake, including a requirement to track and offset emergency spending.[46] While a binding and comprehensive constitutional debt brake would be ideal, this statutory offset approach would be a significant improvement over the present scheme, where there is almost no legislative constraint on the abuse of emergency spending. At a minimum, adopting the Emergency Spending Accountability Act or Responsible Budget Targets Act would incentivize Congress to consider trade-offs without tying the government's hands during an actual emergency.[47]

Enforce Existing Emergency Criteria

The Office of Management and Budget's 1991 definition of emergencies created a framework that should have helped shape debates about what qualifies as an emergency.[48] As the Committee for a Responsible Federal Budget explains, the OMB's five-part test is an "AND" test, meaning a provision must meet all five of the following criteria:

1. necessary (essential or vital, not merely useful or beneficial);
2. sudden (coming into being quickly, not building up over time);
3. urgent (requiring immediate action);
4. unforeseen; and
5. not permanent.

However, the current process lacks a mechanism to evaluate whether an emergency provision meets the OMB's test. Emergency criteria are useful only insofar as legislators understand them and are committed to enforcing them.

Congress should require any legislation with emergency spending to include a findings section that describes how each emergency designation meets all five of the OMB's criteria. Integrating the OMB's emergency test into the legislative drafting process could help inform debates about what should and should not qualify as an emergency. Such a requirement would create a minimal hurdle in the legislative drafting process while promoting good-faith discussion over emergency designations that are currently taken for granted. At the very least, it could expose the extraordinary mental gymnastics necessary to justify the more egregious examples of emergency spending abuse.

In addition to requiring emergency spending offsets, the Emergency Spending Accountability Act implements this commonsense requirement for justifying emergency designations. The bill requires congressional sponsors advocating for new emergency designations to explain how each designation satisfies the budgetary definition of an emergency.[49]

Raise Emergency Voting Thresholds

One of the few and oldest limits on congressional emergency spending is a Senate "point of order"—a procedural rules-based objection that strikes an emergency provision unless three-fifths of the Senate vote to retain the designation. Unfortunately, this point of order and other similar measures are not universally applied or consistently present in both House and Senate budget enforcement rules.[50]

An elevated voting threshold for emergency designations deters irresponsible and unnecessary deficit spending. Congress should strengthen and codify similar rules requiring at least a three-fifths majority to authorize new emergency spending. The Budgeting for Disasters Act, introduced by former Rep. Mark Walker (R-NC) and former Sen. Mitt Romney (R-UT) in the 116th and 118th Congresses, respectively, would modestly increase the Senate emergency spending point-of-order voting threshold from three-fifths to two-thirds.[51]

After the Japanese attack on Pearl Harbor, the United States declared war with a vote of 82–0 in the Senate and 388–1 in the House. Congress should be able to easily acquire the necessary votes to respond to a real crisis.

Automatic Expiration of Emergency Declarations

During emergencies, Congress often grants extraordinary powers to the executive branch. In many cases, those powers include greater flexibility to spend congressionally authorized funds in response to an emergency. This creates the potential for both abuse of power and fiscal irresponsibility.[52]

The failure of the current emergency-powers framework is partly due to the abuse of National Emergencies Act (NEA) declarations.[53] These NEA declarations serve to formalize the state of emergency and can be indefinitely extended by the president. While Congress can end NEA declarations, lawmakers need to assemble a veto-proof supermajority to do so—a challenging feat in today's polarized political environment.

Emergency spending and emergency powers are two sides of the same coin. Presidents can use—and have used—existing emergency rules to bypass the democratic process.[54] In 2018, President Trump invoked emergency powers to divert nearly $4 billion in military construction funds for a border wall that Congress never authorized.[55] President Joe Biden similarly used emergency powers late in 2022 in an attempt to cancel $430 billion in student loan debt.[56] The Supreme Court has been an inconsistent guardian against such abuses of emergency powers, shooting down Biden's student loan scheme but not Trump's border funding.[57]

Congress should rein in emergency spending powers instead of relying on the Supreme Court to police an overeager executive. The ARTICLE ONE Act, introduced by Rep. Chip Roy (R-TX) and Sen. Mike Lee (R-UT) in the 118th Congress, would be a great start.[58] The bill overhauls the NEA framework by having presidential emergency declarations automatically expire after 30 days unless Congress affirmatively extends them.[59] The REPUBLIC Act introduced by Sen. Rand Paul (R-KY) would establish a similar requirement in addition to other emergency power reforms.[60] An emergency "shot clock" would limit executive overreach and force legislators to seriously reconsider maintaining a costly never-ending state of emergency.

Enhance Transparency over Emergency Spending Reporting

As the COVID-19 pandemic has illustrated, emergencies can justify enormous increases in spending, even after the initial crisis has ended. Reporting requirements for emergency spending are intended to shed light on how taxpayer dollars are used during said emergencies, but the current system is too convoluted to offer much useful information. No centralized repository exists for NEA expenditure reports, and the executive can choose to whom in Congress to submit them, which often leads to records not being publicly accessible.[61]

Therefore, Congress should make NEA reports available online. This would make the reports easy to locate for researchers and legislators and help Congress and the public hold the executive accountable. Moreover, Congress should more clearly define the format and content of NEA expenditure reports to include additional accounting details. This is already done for some types of disaster assistance and would provide further insight into how emergency funds are spent.[62]

The National Emergency Expenditure Reporting Transparency Act, introduced by Sen. Roger Marshall (R-KS) and Rep. Paul Gosar (R-AZ) in the 118th Congress, would accomplish much of this by amending the Federal Funding Accountability and Transparency Act to include future NEA expenditure reports.[63] Doing so would allow concerned legislators and members of the public to easily search for NEA-related funds.

Other efforts to improve the reporting of emergency expenditures also deserve consideration. The DISASTER Act introduced by Rep. Scott Peters (D-CA) would require the OMB to produce an annual cumulative estimate of disaster spending for Congress.[64] More frequent, detailed reporting of emergency spending should be a commonsense, bipartisan endeavor. Taxpayers deserve to know how their tax dollars are being used.

Revise the Budget Baseline to Exclude Emergencies

Each year, the CBO releases a projected budget baseline—consisting of estimates of future outlays and revenues—that is used to benchmark the costs of new legislative proposals. Currently, the CBO counts discretionary emergency spending alongside base discretionary spending. The CBO then assumes that both grow each year with inflation over the budget window. This assumption, especially the inclusion of what is supposed to be one-time emergency spending, distorts the baseline and biases the budget process toward higher spending.[65]

Under the baseline, continuing spending at the previous year's level would counterintuitively be scored as a deficit reduction. Worse, temporary emergency provisions are treated as permanent and growing expenditures. This creates a ratchet effect, building in an expectation that future spending can and should exceed past spending. Excluding emergency spending from the CBO's projected budget baseline could reduce the bias toward higher spending and better reflect the laws on the books. If necessary, the CBO could provide an alternate estimate that retains the inclusion of emergency spending.

The Stop the Baseline Bloat Act introduced by Rep. Glenn Grothman (R-WI) takes major strides in correcting the budget distortion caused by including temporary emergency spending in the CBO baseline. The bill instructs the CBO to remove emergency spending from baseline projections so that one-time emergencies don't artificially boost the spending baseline.[66] A bill introduced by Rep. Ben Cline (R-VA) and former Sen. Mike Braun (R-IN), the No Bias in the Baseline Act, makes a similar change, striking emergencies from the budget baseline.[67]

CONCLUSION

The United States faces a host of potential threats that politicians will undoubtedly use to justify future emergency spending.[68] If history is any lesson, the next major crisis and its fiscal response could significantly contribute to—and accelerate—America's fiscal decline. Policymakers should plan ahead now by overhauling the emergency spending process. Fiscal security *is* national security.

Myopic abuse of emergency designations contributes to the long-run fiscal challenge. Over the past decade, Congress designated 1 in every 10 dollars of federal budget authority as emergency spending. Congress should terminate the never-ending emergency declarations and reform the emergency spending process by: requiring future offsets for today's emergency spending; holding legislators accountable for clearly establishing how emergency designations meet all five necessary OMB criteria; raising the voting threshold for emergency designations; enhancing transparency in executive emergency spending reporting; and revising the budget baseline to better reflect current law.

APPENDIX

Here is an illustrative list of wasteful emergency spending that took place during the pandemic:

- $626 million for a vaccine contract that was never fulfilled;[69]
- $7.2 million of Paycheck Protection Program emergency loans used to buy a mansion and sports cars;[70]
- $70 million for tourism marketing campaigns in Puerto Rico;[71]
- $12 million for renovations of a minor league baseball stadium in New York state;[72] and
- $6.6 million to replace irrigation systems at two golf courses in Colorado Springs.[73]

In 2024 alone, Congress has approved the use of emergency designations to fund:[74]

- $50 million for routine operations at the International Trade Administration;
- $20 million for operations and administration at the Bureau of Industry and Security;
- $30 million for economic development assistance programs;
- $100 million for procurement, acquisition, and construction at the National Oceanic and Atmospheric Administration (NOAA);
- $163 million to cover salaries and expenses at the US Marshals Service;
- $250 million in additional funding for the US Marshals Service for federal prisoner detention;
- $328 million to cover salaries and expenses at the Drug Enforcement Administration (DEA);
- $450 million in unspecified exploration funding for the National Aeronautics and Space Administration (NASA);
- $250 million in additional funding at NASA to finance construction, environmental compliance, and restoration;
- $234 million for major research equipment and facilities construction at the National Science

Foundation; and

- $8 billion for tenant- and project-based rental assistance at the Department of Housing and Urban Development (HUD).

Here are a few egregious pork items found in past supplementals:[75]

- $9.7 million for an assistance program to compensate eligible orchardists for tree losses;
- $1 million for the Geisinger Health System in Harrisburg, Pennsylvania, to establish centers for the treatment of autism;
- $500,000 for the Ohio Alliance Community Center for the Deaf in Worthington, Ohio;
- $19.3 million for education and human resources for the National Science Foundation;
- $22.7 million for a Capitol power plant;
- $40.1 million for Capitol police buildings and grounds;
- $3.3 million for the European Communities music copyright dispute;
- $231,000 for abstinence education and related services at Diakon Lutheran Social Ministries of Allentown, Pennsylvania;
- $35 million for wastewater infrastructure in DeSoto County, Mississippi;
- $5 million for the Fort Peck State Fish Hatchery in Montana;
- $27.6 million for the Architect of the Capitol to deal with recent problems related to steam tunnels and asbestos exposure; and
- $140 million for infrastructure improvements for Gulf Coast shipyards.

Table 1 lists several emergency reform bills introduced in recent Congresses.

Table 1

Emergency spending reform bills introduced in recent Congresses

Bill name	Sponsor	Key reform
Emergency Spending Accountability Act	Rep. Marlin Stutzman	Mandates that new emergency spending be offset over five years. Also requires that legislators include a findings section justifying new emergency designations.
Responsible Budget Targets Act	Rep. Tom Emmer / Sen. Mike Braun	Mandates that new emergency spending be offset over six years.
Budgeting for Disasters Act	Rep. Mark Walker / Sen. Mitt Romney	Increases the number of votes required to waive the Senate point of order against an emergency designation from three-fifths to two-thirds.
ARTICLE ONE Act	Rep. Chip Roy / Sen. Mike Lee	Sunsets presidential emergency declarations after 30 days unless reauthorized by Congress.
REPUBLIC Act	Sen. Rand Paul	
National Emergency Expenditure Reporting Transparency Act	Rep. Paul Gosar / Sen. Roger Marshall	Requires that NEA expenditure reports be made publicly available.
DISASTER Act	Rep. Scott Peters	Requires OMB to produce annual cumulative estimates of disaster spending.
Stop the Baseline Bloat Act	Rep. Glenn Grothman	Strikes emergency spending from the budget baseline.
No Bias in the Baseline Act	Rep. Ben Cline / Sen. Mike Braun	

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